

Wendy's Announces Strong and Improved 2007 Third-Quarter Results as Turnaround of the Business
Continues
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Management expects to produce 2007 full-year EBITDA and EPS near the higher end of the guidance range, reflecting improving margins and cost controls

Excluding expenses related to the Board's Special Committee and restructuring charges:

Income from continuing operations increased 55.0% to \$38.6 million, up from \$24.9 million a year ago

Diluted EPS from continuing operations were \$0.44, a 110% increase compared to \$0.21 a year ago

Total EBITDA from continuing operations increased 57.5% to \$95.0 million, up from \$60.3 million a year ago

Wendy's International, Inc. (NYSE:WEN) today announced strong financial results for the third quarter of 2007, reflecting the continuing turnaround of the business, significantly improving restaurant margins and cost controls.

Including third-quarter pre-tax expenses related to the Board's Special Committee of \$13.4 and \$2.4 million of pre-tax restructuring charges (as used throughout, restructuring charges include pension settlement charges), the Company reported income from continuing operations of \$28.8 million and diluted EPS of \$0.33 in the third quarter of 2007, compared to \$23.7 million and \$0.20 per share in the third quarter of 2006. Earnings before interest, taxes, depreciation and amortization (EBITDA) from continuing operations were \$79.2 million in the third quarter of 2007, up 35.8% from \$58.3 million in the third quarter of 2006.

Excluding expenses related to the Board's Special Committee and restructuring charges, the Company reported for the third quarter of 2007 adjusted income from continuing operations of \$38.6 million and diluted earnings per share of \$0.44, compared to \$24.9 million and \$0.21 per share in the third quarter of 2006. Excluding expenses related to the Board's Special Committee and restructuring charges, adjusted EBITDA for the third quarter 2007 was \$95.0 million, up 57.3% from \$60.3 million in the third quarter of 2006.

Margins increased significantly during quarter with the U.S. up 330 basis points

Company-operated restaurant EBITDA margins improved 270 basis points to 12.4% in the third quarter of 2007, compared to 9.7% one year ago. This includes U.S., Canada and International operations.

U.S. company-operated restaurant EBITDA margins improved 330 basis points to 12.6% in the third quarter of 2007, reflecting positive sales, including menu price increases tied to the Company's market-based pricing strategy and labor efficiencies. Without the impact of higher commodity costs, third-quarter U.S. company-operated restaurant EBITDA margins would have improved an additional 140 basis points to 14.0%.

'We continue to execute our strategic plan and delivered significantly improved results this quarter at both the corporate and store level despite a very tough competitive environment and commodity cost pressures,' said Wendy's(R) Chief Executive Officer and President Kerri Anderson.

'Our EBITDA growth is encouraging and store operating margins continue to expand,' said Anderson. 'We're revitalizing Wendy's with a focus on connecting with the consumer, new products, more effective menu management, our market-based pricing strategy, breakthrough advertising and improving operations. That said, we have even greater opportunities to better meet the needs of our customers, grow same-store sales and further increase margins.'

Management expects to produce 2007 full-year EBITDA near the higher end of the guidance range, which was \$295 million to \$315 million

The Company expects to report 2007 full-year EBITDA near the higher end of the outlook it provided to investors in June, which was a range of \$295 million to \$315 million. It also expects to report full-year EPS near the high end of the range provided earlier, which was \$1.09 to \$1.23. These ranges exclude expenses related to the Board's Special Committee activities and restructuring charges.

'Our progress on key elements of our business since June has been positive,' Anderson said. 'We are focused on building on this momentum in the fourth quarter and 2008.'

Wendy's to feature Combo Choices and Jalapeno Cheddar Double Melt in fourth quarter

Wendy's is currently promoting its Combo Choices, allowing customers to mix-and-match their favorite sandwich, drink and choice of a side item - fries, chili, baked potato, side salad or Caesar side salad. In November, the Company will promote its Jalapeno Cheddar Double Melt premium hamburger.

'We are focused on driving same-store sales and transactions by improving our connection to the customer,' said Chief Marketing Officer Ian Rowden. 'The Jalapeno Cheddar Double Melt offers a unique way for customers to enjoy a 'hot 'n juicy' hamburger with toppings melted in the middle of two, 'fresh, never frozen', beef patties. Customers can't get this at the competition.

'In addition, for a limited time, customers can get a free music download when they upgrade a Jalapeno Cheddar Double Melt or any other sandwich to a Medium or Large Wendy's Combo Meal. We want to keep adding value so customers choose Wendy's more often.'

Wendy's continues the roll-out of its new breakfast menu, now in more than 850 restaurants, of which 35% are franchise locations.

The Company's 'Red Wig' marketing campaign made great strides in the third quarter and continues to break through with targeted younger customers who frequent quick-service restaurants. Of consumers who were aware of Wendy's advertising, nearly 25% recalled the "Red Wig" character top of mind, up from 4% recall in the prior quarter. In addition, Ameritest's Ad Appraiser, a leading advertising effectiveness syndicated provider, shows that Wendy's advertising ranks higher than key competitors based on attention, branding and motivation.

'We continue to re-stage our brand and cut through the clutter to reach consumers in a very engaging way,' said Rowden. 'The work from our team and Saatchi & Saatchi has been bold and it is resonating with younger consumers. The campaign reflects the optimistic heritage of the Wendy's brand and consumers find it appealing. Our goal is to build further awareness and encourage customers to visit Wendy's more often.'

Third Quarter Highlights

**Wendy's produced its 5th consecutive quarter of positive same-store sales.

**Average same-store sales at U.S. company-operated restaurants increased 0.2% for the quarter, compared to 4.1% during the same quarter a year ago. Year-to-date average same-store sales at U.S. company-operated restaurants are up 1.5%.

**Average same-store sales at U.S. franchise restaurants increased 1.3% for the quarter, compared to 3.9% during the same quarter a year ago. Year-to-date average same-store sales at U.S. franchise restaurants are up 1.8%.

**The Company's two-year sales trends continue to improve, and have averaged more than 4% for the past four months.

**The Company and its franchisees opened a total of 25 new Wendy's restaurants during the quarter. The openings consisted of five company-operated restaurant and 20 franchised restaurants. The total number of systemwide Wendy's restaurants at the end of the third quarter in 2007 was 6,633, compared to 6,673 at year-end 2006 and 6,741 at the end of the third quarter in 2006, reflecting closures of underperforming restaurants.

**Wendy's third-quarter promotions featured the new Baconator(TM)

In July, Wendy's introduced its latest premium hamburger, the Baconator. The Baconator features a half-pound of fresh, never frozen beef, six strips of hickory-smoked bacon, topped with American cheese, ketchup and mayonnaise.

Wendy's in August introduced limited-time offerings at the local-market level, including its Chicken Cordon Bleu, Monterey Ranch, and Wendy Melt premium sandwiches.

In September, the Company promoted its Super Value Menu(R), featuring its Junior Bacon Cheeseburger and all-white meat 5-piece Crispy Chicken Nuggets, both quality-favorites among younger, price-sensitive consumers.

Third Quarter Financial and Income Statement Information

The Company' third-quarter 2007 reported results from continuing operations include the impact of:

**Sales - \$554.8 million in the third quarter of 2007, compared to \$556.7 million in the third quarter of 2006. Sales increased slightly as a result of positive average same-store sales, however Wendy's had 42 fewer company-operated restaurants open at the end of the third quarter of 2007 compared to the same quarter a year ago.

**Franchise revenues - \$76.3 million in the third quarter of 2007, compared to \$73.4 million in the third quarter of 2006. The 2007 increase reflects positive franchisee average same-store sales, higher 2007 gains on the sales of stores to franchisees of \$0.9 million and lower 2007 reserve allowances. Partially offsetting these improvements, Wendy's had 66 fewer franchise-operated restaurants open at the end of the third quarter of 2007 compared to the same quarter a year ago.

**Total revenues - \$631.1 million in the quarter of 2007, up 0.2% compared to \$630.1 million in the third quarter of 2006.

**Cost of sales - \$334.9 million in the third quarter of 2007, compared to \$345.8 million in the third quarter of 2006, which was a 170 basis point improvement as a percentage of sales. The year-over-year improvement is due primarily to higher menu pricing tied to the Company's market-based pricing strategy and improved menu management.

**Company restaurant operating costs - \$148.6 million, or 26.8% of sales, in the third quarter of 2007, compared to \$155.3 million, or 27.9% of sales, in the third quarter of 2006. The year-over-year improvement as a percent of sales includes lower expenses as a result of the Company's 2006 cost saving initiatives and other lower store operating costs, including lower utility, bonus and insurance costs. These improvements were partially offset by the change in accounting for the real estate joint venture with Tim Hortons(R) (see below). As a result of this change in accounting, third quarter 2007 company

restaurant operating costs included rental expense paid to the joint venture by Wendy's, which prior to the spin-off of Tim Hortons, eliminated in consolidation. Without this change in accounting for the joint venture, reported third quarter 2007 Company-operated restaurant EBITDA margins would have been 30 basis points higher.

**Operating costs - \$6.3 million in the third quarter of 2007, compared to \$8.3 million in the third quarter of 2006. The year-over-year decrease is due primarily to a decline in rent expense as a result of the change in accounting for Wendy's real estate joint venture with Tim Hortons, which is no longer consolidated by the Company (see below).

**General and administrative expense - \$49.3 million, or 7.8% of revenue, in the third quarter of 2007, compared to \$62.4 million, or 9.9% of revenue, in the third quarter of 2006. The year-over-year improvement is due primarily to a reduction in salaries and benefits as a result of the elimination of positions in 2006, lower insurance costs of \$6.4 million, and control of costs throughout the organization.

**Restructuring costs - \$2.4 million in the third quarter of 2007, which includes \$1.0 million in pension settlement charges. This compares to \$2.0 million in restructuring costs in the third quarter of 2006.

**Special Committee related charges - \$13.4 million in the third quarter of 2007 in expenses related to the Special Committee. These charges did not occur in 2006.

**Other expense/income - \$2.9 million of income in the third quarter of 2007, which includes \$3.1 million in income from the Company's 50/50 joint venture with Tim Hortons, and insurance gains partially offset by store closure charges and other asset write-offs. In 2007, the joint venture is accounted for under the equity method. Prior to the spin-off of Tim Hortons, the joint venture was fully consolidated.

**Interest - The \$1.5 million increase in interest expense in the third quarter 2007 is primarily due to the sale of approximately 40% of the U.S. royalty stream for a 14-month period entered into in the fourth quarter of 2006 that was recorded as debt. The \$11.7 million decrease in interest income reflects a reduction in cash balances as a result of the completion of a modified "Dutch Auction" tender offer in the fourth quarter of 2006, using approximately \$800 million, and the completion of an accelerated share repurchase in the first quarter of 2007 for approximately \$280 million.

**Taxes - The Company's effective tax rate was 34% in the third quarter of 2007 and 26.5% in the third quarter of 2006.

**Shares outstanding - A lower share count of 88.4 million average shares in the third quarter of 2007, compared to 118.3 million average shares in the third quarter of 2006. The Company repurchased 22.4 million shares in a modified 'Dutch Auction' tender offer in the fourth quarter of 2006, and repurchased 9.0 million shares in an accelerated share repurchase in the first quarter of 2007.

**Joint venture with Tim Hortons - As a result of its 2006 spinoff of Tim Hortons, the Company, in accordance with generally accepted accounting principles (GAAP), now accounts for its 50% share of the restaurant real estate joint venture with Tim Hortons (Wendy's and Tim Hortons' combination units) under the equity method of accounting, rather than consolidating the results of the joint venture in the Company's financial statements. Without this change, company-operated restaurant EBITDA margins would have been 12.7% during the third quarter of 2007. This change in accounting for the Company's joint venture with Tim Hortons impacts several lines on the Company's statement of income and resulted in an overall reduction to third-quarter 2007 operating income of \$2.1 million compared to the third quarter 2006.

**Discontinued operations - Wendy's completed its spinoff of Tim Hortons in the third quarter of 2006 and completed the sale of Baja Fresh(R) Mexican Grill during the fourth quarter of 2006. During the third quarter of 2007, the Company completed the sale of Cafe Express. Accordingly, the after-tax operating results of Tim Hortons, Baja Fresh and Cafe Express appear in the 'Discontinued Operations' line on the income statement.

Board approves 119th consecutive dividend

The Board of Directors approved a quarterly dividend of 12.5 cents per share, payable November 19 to shareholders of record as of November 5. The dividend payment will represent the Company's 119th consecutive dividend.

The following is a reconciliation of 2007 third-quarter income from continuing operations to 2007 third-quarter adjusted income from continuing operations.

2007 3Q income from continuing operations \$ 28.8 million

2007 3Q Special Committee expense, net of tax: (1) \$ 8.3 million

2007 3Q restructuring charges, net of tax: (1) \$ 1.5 million

2007 3Q adjusted income from continuing ops: \$ 38.6 million

2007 3Q Diluted shares 88.4 million

2007 3Q adjusted diluted EPS from continuing ops \$ 0.44

The following is a reconciliation of 2006 third-quarter income from continuing operations to 2006 third-quarter adjusted income from continuing operations.

2006 3Q income from continuing operations \$ 23.7 million

2006 3Q restructuring charges, net of tax: (1) \$ 1.2 million

2007 3Q adjusted income from continuing ops: \$ 24.9 million

2007 3Q Diluted shares

118.3 million

2007 3Q adjusted diluted EPS from continuing ops \$ 0.21

The following is a reconciliation of 2007 estimated operating income to 2007 estimated EBITDA used to arrive at the Company's revised 2007 earnings outlook previously announced. As previously announced, the following estimated amounts exclude expenses related to the Special Committee activities, and any potential restructuring charges.

2007 estimated operating income: \$ 186 million to \$206 million

2007 estimated depreciation and amortization: \$ 109 million

2007 estimated adjusted EBITDA from continuing ops: \$ 295 million to \$315 million

The following is a reconciliation of 2007 third-quarter operating income to 2007 third-quarter EBITDA and adjusted EBITDA on a basis consistent with the Company's above revised full year 2007 outlook:

2007 3Q operating income: \$ 51.1 million

2007 3Q depreciation and amortization: \$ 28.1 million

2007 3Q EBITDA from continuing ops: \$ 79.2 million

2007 3Q Special Committee expense: \$ 13.4 million

2007 3Q restructuring charges: \$ 2.4 million

2007 3Q adjusted EBITDA from continuing ops: \$ 95.0 million

The following is a reconciliation of 2007 year-to-date operating income to 2007 year-to-date EBITDA and adjusted EBITDA on a basis consistent with the Company's above revised full year 2007 outlook:

2007 YTD operating income: \$ 135.4 million

2007 YTD depreciation and amortization: \$ 85.5 million

2007 YTD EBITDA from continuing ops: \$ 220.9 million

2007 YTD Special Committee expense: \$ 18.1 million

2007 YTD restructuring charges: \$ 9.4 million

2007 YTD adjusted EBITDA from continuing ops: \$ 248.4 million

The following is a reconciliation of 2006 third-quarter operating income to 2006 third-quarter EBITDA and adjusted EBITDA:

2006 3Q operating income: \$ 26.5 million

2006 3Q depreciation and amortization: \$ 31.8 million

2006 3Q EBITDA from continuing ops: \$ 58.3 million

2006 3Q restructuring charges: \$ 2.0 million

2006 3Q adjusted EBITDA from continuing ops: \$ 60.3 million

(1) After tax amounts for Special Committee costs and restructuring charges are computed using a tax rate of 38%.

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